

## **VIRGINIA INNOVATION PARTNERSHIP AUTHORITY**

### **HB1017; Sickles, Austin**

House: Referred to Committee on Communications, Technology and Innovation

House: Assigned CT & I sub: Communications

House: Subcommittee recommends reporting with substitute (9-Y 0-N)

House: Subcommittee recommends referring to Committee on Appropriations

### **SB576; Howell**

Senate: Referred to Committee on Finance and Appropriations

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### ***Background***

For over three decades the Center for Innovative Technology – based in Herndon and known at CIT – has served as the state’s agency for technology-based economic development. Initially working with technology transfer offices and universities, CIT transitioned beyond state-sponsored research to supporting both public and private ideas in the earliest stages of commercialization and seed funding to help entrepreneurs launch and grow tech companies.

Over the years, however, CIT faced the unique challenge of adapting to a rapidly evolving industry, while overseen by a traditionally risk-adverse government. These unique challenges created gaps in Virginia’s support for innovation and for the past decade, Virginia has filled those gaps with duplicative programs and functions across multiple secretariats and agencies.

These efforts, while well intended, were not efficient, nor easy for an entrepreneur to navigate. During this same time other states leapfrogged the Commonwealth in establishing themselves as destinations for researchers, inventors, and founders like Tennessee’s central-office, Launch Tennessee, that serves independently run hubs all across their state; or Colorado’s forward-thinking investment strategies and their seamless user experience when navigating the state’s economic development agencies; or last year’s launch of the “Ohio IP Promise,” an initiative to make Ohio universities more attractive to innovators and entrepreneurs; or the much talked about Georgia Research Alliance during the 2019 General Assembly Session.

These are only a few of many examples that show Virginia is behind peer states and the country in de-risking university technologies, early-stage investments, and the ability to scale coordinated regional innovation efforts.

### ***Coalition Building***

Last March following the failed passage of similar legislation, Secretary Ball – at the direction of the Governor – led an extensive statewide initiative to gather input and identify the needs of all Virginians who want to participate in the tech-based, innovation-led economy.

The Commerce and Trade office hosted 11 Town halls; conducted a statewide survey; organized three comprehensive work sessions with 172 business and education leaders; gathered input from 65 organizations, chambers, tech councils, innovation networks, investors, state universities; and regularly consulted with the existing boards and staff of affected state agencies and the money committees.

The results of that work led to the Virginia Innovation Partnership Authority (or VIPA) – a hybrid of best practices from across the nation coupled with Virginia’s unique assets, like our world-renowned higher education system and diverse regional economies.

### ***Virginia Innovation Partnership Authority***

VIPA will support the entire life cycle of innovation, from research, to entrepreneurship, to growth and commercialization, enhancing Virginia’s tech-based economic development by fueling company formation and creating new jobs.

VIPA’s structure is a consolidation of two current initiatives: the Innovation and Entrepreneurship Investment Authority that governs CIT and the Virginia Research Investment Committee – otherwise known as VRIC – which was created four years ago to fuel higher education research in emerging technologies with strong commercial potential. VIPA will be made up of three divisions as follows:

1. **The first division is for entrepreneurial ecosystems.** Many communities across Virginia are in need of backbone services ranging from marketing to venture networks to funding for programming. It’s important that this division have flexibility to serve a wide range of needs. Virginia’s economies are diverse, and the needs of Norton are not the needs of Norfolk. A new fund – the Regional Innovation Fund – is created to help support these services, but also to fund a competitive grant program similar to the current, but expiring, Regional Entrepreneurship Initiative at GO Virginia.
2. **The second division will be for direct and indirect investments.** CIT currently has a family of seed funds known as the Growth Acceleration Program or GAP Funds. GAP Funds have been investing in Virginia businesses for over 15 years. Under VIPA this program will continue in addition to new investment opportunities through money generated from the sale of CIT’s building in Herndon. These proceeds will be used for indirect investments like creating fund of funds and sidecar deals.
3. **The third division will be for the commercialization of research.** VIPA consolidates two existing funds – the Commonwealth Research Commercialization Fund at CIT and the Virginia Research Investment Fund at VRIC – into a new single fund called the Commonwealth Commercialization Fund. This single consolidation will drastically simplify an inventor’s pathway through government services and connect a business’ growth runway by eliminating the need to jump from one agency to another. This division will also work closely with university tech transfer offices to support proof-of-concept funding, programs to connect investors with inventors, the establishment of a central IP library, and other opportunities. These offerings are not mandated. The intention is to be a partner with higher education, to collaborate, and ensure Virginia is a founder-friendly state.

VIPA will review existing economic development centers of excellence and initiatives like the Commonwealth Center for Advanced Manufacturing or the Commonwealth Cyber Initiative and develop a system to evaluate and recommend to the Governor and General Assembly implementation and oversight plans.

All three divisions are supported by Advisory Committees established by the Authority Board. The Authority Board is made up of the Secretary of Commerce and Trade and 8 well defined subject matter experts who are nonlegislative citizens of Virginia. VIPA will be headquartered in Richmond with a presence in Northern Virginia and ideally throughout the Commonwealth in the years to come.

## ***Opposition***

There is no known opposition to this bill.

## ***Support***

- **757 Angels**, Southeast Virginia
- **757 Accelerate**, Southeast Virginia
- **Activation Capital**, Richmond
- **Charlottesville Angel Network**, Charlottesville
- **Charlottesville Business Innovation Council**, Charlottesville
- **Center for Innovative Technology**, Statewide
- **Institute for Advanced Learning & Research**, Danville
- **Lighthouse Labs**, Richmond
- **Northern Virginia Technology Council**, Fairfax
- **Opportunity Southwest**, Wise
- **Richmond Technology Council**, Richmond
- **Riverflow Growth Fund**, Richmond
- **Roanoke Regional Small Business Development Center**, Roanoke
- **Startup Virginia**, Richmond
- **Startup Champions Network**, Nationwide
- **Staunton Innovation Hub**, Staunton
- **Staunton Creative Community Fund**, Staunton
- **Shenandoah Valley Technology Council**, Harrisonburg
- **Southern Piedmont Technology Council**, Danville
- **Southwestern Virginia Technology Council**, Norton
- **Staunton Innovation Hub**, Staunton
- **The Launch Place**, Danville
- **Tech Center Research Park**, Newport News
- **Valleys Innovation Council**, GO Virginia Region 2
- **VirginiaBio**, Statewide
- **Virginia Business Council**, Statewide
- **Virginia Chamber of Commerce**, Statewide
- **Virginia Academy of Science, Engineering and Medicine**, Statewide
- **Virginia for Entrepreneurs (VA4E)**, Statewide
- **Virginia Research Investment Committee**, Statewide
- **Women in Venture**, Statewide